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STATE FOR WHA/CEN//JASON MACK AND USITC//JSTAMPS AND LMSCHLITT

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SUBJECT: 2007 USITC BIENNIAL CARIBBEAN BASIN INITIATIVE INVESTMENT  
SURVEY: BELIZE

REF: STATE 065843

¶1. As in past years, post relied upon information from the Belize Trade and Investment Development Service (BELTRAIDE) - GOB's lead agency in attracting foreign investment to Belize - to obtain answers to questions raised in reftel.

¶2. The Fiscal Incentive Act is one of the most well-known incentive programs in Belize, which encourages local and foreign investment. The information provided by BELTRAIDE revealed that of the ten companies that received either extensions of their development concessions or new concessions under the Fiscal Incentive Act in 2006, only two were identified as being CBERA-related. That is, two are involved in the production of papaya for the U.S. market, while the other eight are in the hospitality (tourism) industry.

¶3. Maya Papaya Limited: This is a new local company. In 2006, it invested USD 550,000 in the establishment of a papaya production-export operation for the U.S. market and exports to the U.S. last year were USD 138,240. The company estimates that by 2011, exports to the U.S. will be USD 17.25 million. BELTRAIDE reports that the company would have been established in the absence of CBERA/CBTPA. The company does not operate in a free-trade zone.

¶4. Fruta Bomba Limited: This company is a subsidiary of Brooks Tropicals of Homestead, Florida, and has been in operation in Belize since 1992. It invested USD 800,000 to expand its export operation in 2006, and is the largest local exporter of papaya to the U.S. market at USD 7.5 million last year. This company would have been established in the absence of CBERA and does not operate in a free-trade zone. (Note: In 2006, Belize's total exports of papaya earned USD 15.5 million, with almost 90 percent destined for the U.S. market. These figures include export companies that did not qualify for this year's report. End Note.)

¶5. All garments manufactured in Belize are exported to the U.S. One of the two local garment manufacturers ceased operations last year reportedly because of competition from neighboring CAFTA member countries. The other has stated publicly that it plans to shut down by the end of the year because of managerial issues. If this happens, Belize would lose close to USD 18 million in foreign exchange earnings annually. (Note: The Statistical Institute of Belize reports that garment exports accounted for USD 15.5 million in foreign exchange earnings in 2005 and USD 18.3 million in 2006. End Note.)

¶6. Comment: CBERA may have provided limited assistance to a narrow segment of the export-based market (papaya in 2006 and farmed shrimp in previous years) but we have not observed a diversification away from traditional agricultural products for export in Belize. End Comment.

DIETER